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10 new store discount?

11 A. Because if it had been, a debit note
12 would have been issued, and it would state such.

13 Q. How do you know it's not possible that
14 they were subject to a new store discount, but
15 you just didn't charge it back because you viewed
16 it as Private Label's responsibility?

17 A. Can I pose another question?

18 Do you have debit note purchase orders
19 dating back to 2002? In fairness, the reason I'm
20 saying -- I think we're both talking about a
21 subject that we may not have documents to review,
22 so if you would like a specific answer to that
23 question, we absolutely can check, because
24 everything is kept on file.

25 MR. GRANNIS: I would appreciate your checking

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1 C. Dente

2 and seeing if there are any new store discount
3 chargebacks prior to November 2006.

4 THE WITNESS: Okay.

5 MR. GRANNIS: And if in fact Target
6 imposed any new store discounts with respect
7 to goods manufactured by --

8 THE WITNESS: I can absolutely do that.

9 MR. GRANNIS: Irrespective of whether
10 or not you charged them back to Atateks.

11 THE WITNESS: Okay, that's fine.

12 Q. What does tank test refer to here?

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13 A. I would have to assume since that's not
14 my handwriting that it must have been a test
15 order that was ordered for a new store.

16 Q. Could you explain what that means, a
17 test order?

18 A. From time to time Target, as opposed to
19 bulk ordering or ordering a large quantity up
20 front, chooses to test certain styles to see the
21 validity or the magnitude.

22 Q. And by that do you mean sort of whether
23 consumers will actually buy them and how much?

24 A. Yes, that's correct.

25 Q. You mentioned that a purchase order

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2 would be issued with respect to this order for
3 goods for the new store, correct?

4 A. Correct.

5 Q. And I think you said you weren't sure
6 whether or not the price would reflect the
7 discount.

8 A. That is correct or the terms. I don't
9 know if the terms, because there is a part for
10 terms on our purchase orders.

11 Q. When the purchase order was issued or
12 prior to that point, would Atateks be advised
13 that a new store discount was going to be imposed
14 upon it with respect to these goods?

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15 A. As I stated previously, it's an
16 industry standard, not just with Target, but most
17 large mass market retailers as they're opening
18 new stores in order to facilitate getting product
19 in there -- a product in there quickly when they
20 don't know an exact store opening, there are
21 discounts that are -- that are negotiated up
22 front, so yes, it's an industry standard. It's
23 not anything that would come as a surprise.
24 Q. Would the purchase order state that
25 these goods were being purchased for a new store?

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1 C. Dente
2 A. I just told you I would have to see a
3 purchase order. I couldn't answer that off the
4 top of my head.
5 Q. How can you be sure that Atateks was in
6 fact told that the goods it was manufacturing
7 were going to go to a new store?
8 A. It would have to somewhere reference
9 it, but you're asking me would it be on the
10 purchase order. You also asked me would it be on
11 e-mail, how it would be communicated. I'm
12 telling you I would have to check.
13 MR. GRANNIS: I'm going to call for the
14 production of documents which would establish
15 that in fact it was indeed communicated to
16 Atateks that a new store discount would be
17 imposed upon it.

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18 Let me just finish this. Or that
19 these goods were in fact being ordered for a new
20 store, and I will advise you by letter of all of
21 the chargebacks reflected in the records for new
22 stores to back up that document production.

23 Q. You were going to say?

24 A. You're going to advise us by letter.
25 Could you state -- you're going to advise us by

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2 letter of what?

3 Q. Advise you by letter of the chargebacks
4 which, like this, refer to new stores.

5 A. I thought you told me you were only
6 able to locate one.

7 Q. This was the first one that I was able
8 to locate.

9 A. So it's the first one. It's not the
10 only one you were able to locate?

11 Q. Correct. There are others which are
12 later.

13 A. Okay.

14 Q. And to be frank when -- I think you
15 know where I'm going with this.

16 A. I don't. That's why I'm trying to --
17 I'm trying to help you, because I really don't
18 know. I mean, of all the points, I don't know
19 why this is a point.

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20 Q. One issue is that obviously we want to
21 make sure that Atateks was aware before it
22 manufactured the goods --

23 A. Okay.

24 Q. -- that a new store discount would be
25 imposed on it.

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2 You would agree, would you not, it
3 would only be fair that Atateks would know some
4 way that it was going to be subject to the
5 discount?

6 A. Absolutely, and what I wanted to
7 contribute before is that, in addition to our
8 purchase orders that are issued to Atateks, they
9 also received a copy of what's considered the
10 Target commit, which is another word for purchase
11 order for Target, and it clearly states on the
12 columns there when there's a new store order, but
13 the point I was trying make in all of the charges
14 of chargebacks, Eric, this is really so minimal
15 in the realm of things, but we -- we can pursue
16 it.

17 Q. Our clients like to see us fighting for
18 every dime.

19 A. And you should.

20 MR. GRANNIS: I am handing the witness
21 Plaintiffs' Exhibit 509, entitled, "Debit
22 Note 1635" bearing Bates Nos. 841 through

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23 856.
24 (Plaintiffs' Exhibit 509, Documents
25 Bearing Bates Nos. 841 through 856 marked

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2 for identification.)
3 THE WITNESS: Can we actually go back
4 to the previous exhibits for a minute. You
5 showed me for the new store? Just the one
6 for the new store you previously showed. I
7 think it was the one right on top.

8 MR. GRANNIS: That's it.

9 MR. BYLER: 508.

10 THE WITNESS: Okay. I just want to
11 note for the record that these chargebacks
12 don't even pertain to Atateks. It pertains
13 -- that was crossed out, and actually
14 pertains to a different factory, which is
15 Orma.

16 MR. GRANNIS: That's very helpful to
17 know. Thank you.

18 MR. BYLER: In your testimony you're
19 referring to both Plaintiffs' Exhibit 508
20 and 509.

21 THE WITNESS: That's correct.

22 So to clarify for you also how we would
23 know that, it would be referenced by the
24 purchase order number and the style number

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25 to determine which factory it applies to

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2 from the Target paperwork.

3 Q. Could I ask you to look at Page 843 of
4 Plaintiffs' Exhibit 509.

5 How would you determine from this to
6 whom to attribute this new store discount?

7 A. I'm going to go to the previous page,
8 because there may be a master page.

9 Okay, it has on the very first page
10 where says Target stores chargeback on Page No.
11 842, it says, "Department 18, July '06, new store
12 discount 7/19 to 7/23."

13 Q. I'm sorry. How would this tell you
14 which manufacturer to attribute this chargeback
15 to?

16 A. Because of the department, okay, and
17 because of the July new store, we would know
18 whatever new store items we were producing during
19 that time period for Department 18.

20 There's also a vendor number on here,
21 and I would have to check again, not knowing
22 anything off the top of my head, but not only do
23 we have a vendor number, but so do the factories
24 have vendor numbers.

25 MR. GRANNIS: I'm going to show the

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2 witness Plaintiffs' Exhibit 510, which is a
3 document titled, "Debit Note 1642" with
4 Bates Nos. 829 to 838.

5 (Plaintiffs' Exhibit 510, Document
6 Bearing Bates Nos. 829 through 838 marked
7 for identification.)

8 Q. With respect to the first amount
9 charged here, 179.31, can you tell me what that
10 is about?

11 A. Target -- you are talking about this
12 first line, Target PO fill rate?

13 Q. Correct.

14 A. And revised -- wait. Target fill rate
15 revised and carton shortage. That means that we
16 short shipped. Target transmits an EDI which is
17 electronically transferred, and then we are
18 responsible for inputting the exact number of
19 cartons that are to be shipped.

20 If we're not mirroring what they
21 ordered, they then impose a discount or a
22 chargeback for short shipping.

23 Q. Does that mean that they didn't get the
24 quantity of goods which we told them we were
25 giving them?

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A. That is correct. We do advanced ship notices.

Q. Kindly turn your attention to Page D 837. Do you see that it says dispute and then absorbed?

A. Yes.

Q. Could you tell me what that would refer to?

A. I have no idea. It's not my handwriting.

Q. Do you know whose handwriting that is?

A. No, I don't.

Q. Did you ever negotiate or dispute chargebacks imposed by Target?

A. Absolutely.

Q. That's if you felt that they were unjustified; is that correct?

A. That's correct.

Q. Can you remember any particular circumstances in which you felt they were unjustified?

A. I mean, as to a specific circumstance? No, but generally speaking, there are many times that a retailer takes a discount and finds out

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the details later.

For example, they could charge us back
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4 for expediting when it was agreed that they were
5 going to absorb the expediting, because we're
6 forced to use Target's forwarders, if they prepay
7 something, they find out the details later, so it
8 could be -- it could very well be that once they
9 find out the details that the department agreed
10 to pay for it, and then the chargeback would be
11 reversed, but they would automatically deduct it
12 from us.

13 Q. Would you sometimes dispute or
14 negotiate a chargeback after they issued you
15 documentation or would that always occur prior to
16 documentation?

17 A. It varied.

18 MR. GRANNIS: I'm going to show the
19 witness Plaintiffs' Exhibit 511, entitled
20 "Invoice 1644" bearing Bates Nos. 820
21 through 822.

22 (Plaintiffs' Exhibit 511, Documents
23 Bearing Bates Nos. 820 through 822 marked
24 for identification.)

25 Q. If you turn to Page 821, it says at the

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2 top Basul Textile Limited. Do you see that?

3 A. Yes.

4 Q. This is a documentation from Target;
5 isn't that right?

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6 A. Yes.

7 Q. So is this a chargeback from Target?

8 A. It is a chargeback from Target.

9 Q. Does this suggest that Basul Textile
10 Limited is in fact the vendor for these goods?

11 A. Basul is listed as the vendor. As I
12 explained to you before, the letter of credit are
13 open to Basul and then transferred to the
14 specific factory that's going to manufacture the
15 product, so Basul's vendor number is attached to
16 specific factories' vendor numbers, but Basul was
17 not a manufacturer of product. They are not a
18 factory.

19 Q. Does this document mean that with
20 respect to the goods at issue here those goods
21 were sold by letter of credit?

22 A. I would have to double confirm the
23 terms on here or -- not the terms, but the
24 terminology, but if you look at the very bottom,
25 it says to Basul Textile Limited FLC. I don't

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2 know if that means first letter of credit, so it
3 is possible.

4 Again, you have to explain that it's --
5 everything is attached. There's an attachment
6 from Private Label to Basul, from Basul to their
7 specific factories, so all the vendor numbers are
8 attached.

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9 Q. I think I can state better the question
10 I'm trying to get at.

11 A. Okay.

12 Q. On some occasions, Private Label
13 purchased goods from Atateks and sold them to
14 Target?

15 A. Correct.

16 Q. And I'm going to say in those cases,
17 just to establish terminology, that Private Label
18 was an intermediate purchaser. I just mean that
19 Private Label --

20 A. No, no.

21 Q. -- purchased the goods from Atateks and
22 then sold the goods to Target.

23 A. I think it's just a matter of
24 semantics, because everything was made to order
25 for Target. It was ordered on Target's behalf.

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2 Q. I just want to distinguish between
3 those cases where goods went directly from either
4 Atateks or Basul to Target and ones where they
5 went through Private Label.

6 Can you come up with a terminology for
7 me to describe the circumstances in which goods
8 go through Private Label?

9 A. Warehouse goods versus direct LC goods.

10 Q. Does the fact that it says Basul

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11 Textile Limited mean that these were direct LC
12 goods?

13 A. Not necessarily. I would have to check
14 for you, because even when we brought goods
15 through our warehouse, it's mandatory for Target
16 to know where we are manufacturing our product,
17 because as I stated before, they inspect it.

18 MR. GRANNIS: I'm going to hand the
19 witness Plaintiffs' Exhibit 512, bearing
20 Bates Nos. 764 through 784, with the title
21 "Debit Note 1654."

22 (Plaintiffs' Exhibit 512, Documents
23 Bearing Bates Nos. 764 through 784 marked
24 for identification.)

25 Q. Can you tell me what this means when it

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2 talks about the improper loading of import
3 containers?

4 A. When business is done on a direct LC
5 basis, containers are delivered to the factory to
6 be loaded, so the factory's responsible for
7 loading the containers, and then the containers
8 are picked up and brought back to the forwarder.

9 So in this case what it implies is that
10 the containers were loaded improperly. They
11 could have maybe not be full container loads, and
12 they were supposed to be full container loads,
13 could mean that there were mixed styles within

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14 the containers, improper packing lists. Can mean
15 a whole host of things, but the containers were
16 not packed correctly.

17 Q. With respect to Atateks, what factory
18 of Atateks were goods picked up from?

19 A. Both their Turkey factories and their
20 Jordan factories.

21 Q. With respect to the obligation of
22 Atateks to deliver goods in a timely fashion, am
23 I correct in thinking that the obligation of
24 Atateks was to deliver those goods to its factory
25 door?

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2 A. No, delivery to the forwarder.

3 Q. Where is the forwarder located?

4 A. That I don't know. I mean, within a
5 certain proximity to the factory. They're using
6 local forwarders. Whether they're for warehouse
7 goods, a forwarder we appoint, or Target's
8 forwarder.

9 Q. You referred earlier to containers
10 being shipped at -- arriving at the factory?

11 A. Delivered to the factory, yes.

12 Q. Does the forwarder provide those
13 containers?

14 A. Yes, and the reason for the factory
15 load is because the shipment may be so large

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16 instead of moving individual boxes that it's
17 loaded at the factory for ease for both the
18 factory and the forwarder.

19 Q. If Atateks loads those garments onto
20 the container at the factory in a timely fashion,
21 and there are subsequent delays in
22 transportation, does Atateks have any liability
23 for that?

24 A. No.

25 Q. Its responsibility is to make those

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2 goods available at its factory for those
3 containers?

4 A. Correct, and I want -- I would like to
5 ask for you to be specific when you says there's
6 further delays, meaning that once the containers
7 are delivered to the forwarders' location, and
8 they're put on a vessel or being aired for
9 whatever reason, that there's delays in the
10 vessel or delays in the aircraft unbeknownst to
11 Atateks.

12 Is that what you're asking me?

13 Q. Well, not exactly.

14 A. Okay.

15 Q. Would you agree with the following --

16 A. Okay.

17 Q. Containers are delivered to Atateks,
18 its factory. Atateks loads garments onto the

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19 container.

20 A. Uh-huh.

21 Q. Once Atateks does that in a timely
22 fashion, it has no further responsibility for
23 delivery of the goods; is that correct?

24 A. With all due respect, I think you're
25 speaking very generally, because you don't

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1 C. Dente

2 understand enough about the business.

3 Q. I'm sure I don't.

4 A. Okay, but as I stated previously in my
5 testimony, that chargebacks are no mystery to
6 anybody. They're negotiated up front.

7 Even when Target expects to receive
8 goods late because there's an agreed upon
9 extension, doesn't mean that Atateks is not
10 responsible for whatever discount was negotiated,
11 just because they delivered the goods on the
12 revised approved date.

13 Q. Your response has in fact helped me
14 understand that my question was a little too
15 broad.

16 What I'm really trying to get at is
17 only the issue of responsibility for delays in
18 transportation. Okay?

19 I understand that in general Atateks
20 can be liable for lateness. My question is: If

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21 Atateks timely puts those garments on the
22 container that appears at its factory door --

23 A. Right.

24 Q. -- is it liable for any delays after
25 that point?

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2 A. I think I asked that question before,
3 so I'm going to make sure I understand you. I
4 said that -- are you referring to once the goods
5 are received at the forwarder, which we
6 established is in close proximity to the
7 factory's location?

8 If there is a delay unbeknownst to
9 Atateks -- meaning the vessel's delayed, the
10 airplane blows up, the goods never arrive -- are
11 you asking me is Atateks ultimately responsible
12 for that?

13 Q. Any of that, yes.

14 A. Again, everything is negotiated on the
15 case-by-case basis. I really have to know the
16 circumstances. It's hard for me to generally
17 answer that question for you, because it's an
18 ongoing partnership. It's an ongoing
19 relationship, and a human business. There's also
20 issues, Eric.

21 Q. Where was the quality check by Target?

22 A. At the factory level.

23 Q. Where was the quality check by Basul?

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24 A. At the factory level.
25 As part of the commercial invoices and

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1 C. Dente
2 inspection certificate is included the goods
3 can't leave without the inspection certificate
4 being signed.
5 MR. GRANNIS: I'm handing the witness
6 Plaintiffs' Exhibit 513 titled, "Target
7 Stores Accounts Payable Research" bearing
8 Bates Nos. 79 through 89.
9 (Plaintiffs' Exhibit 513, Documents
10 Bearing Bates Nos. 79 through 89 marked for
11 identification.)
12 Q. Who is Alyssa Mulhair?
13 A. Where do you see that?
14 Q. That's under reason for claim in the
15 second line.
16 A. She's a buyer at Target.
17 Q. What are in store and guest return,
18 returns defectives?
19 A. I think that's pretty self-explanatory.
20 Those are goods returned to the store, returned
21 at store level by a consumer that purchases them.
22 Q. What's the difference between in store
23 and guest returns?
24 A. Target refers to their consumers as
25 guests.

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2 Q. But maybe I'm misunderstanding, but it
3 seems to distinguish between in store and guest
4 returns as if those are different things.

5 A. I think that they're just spelling out
6 very specifically that the guest is returning it
7 in store.

8 Again, this is a standard industry
9 practice with most mass market retailers, that at
10 the end of the selling period that they go back
11 and tie by item number any returns that were
12 manufactured by a specific vendor and charge them
13 back.

14 Q. What is a selling period?

15 A. It's by a specific -- we have to go
16 again, specific by style. There's a three-month
17 selling period, six-month selling period. That's
18 why you will find on many of Target's chargebacks
19 it takes six months to a year for them to even
20 generate chargebacks for goods that may have been
21 shipped a year to a year and a half prior to
22 receiving the actual claims.

23 Q. If you turn to the third page of this
24 document bearing Bates No. 81, you'll see that it
25 says, "Begin date 1/30/2005, and end date January

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1 C. Dente

2 28, 2006."

3 Now, this cover memo to you wasn't
4 generated until January 22, 2007?

5 A. Exactly my point that I made
6 previously.

7 Q. This goes back, in fact two years back?

8 A. I said a year, approximately a year and
9 a half, year to a year and a half.

10 Q. So at this point in time in January 22,
11 2007, Target imposed these chargebacks upon
12 Private Label; is that correct?

13 A. That is correct.

14 Q. Do you have any idea of how this came
15 about?

16 A. It's standard industry practice, as I
17 told you, with most mass market retailers, that
18 they have the latitude to charge you back for
19 goods that are returned at store level by their
20 consumers.

21 Q. When you say the latitude, does that
22 mean it sometimes happens and sometimes doesn't
23 or does it always happen?

24 A. I would have to assume that if they
25 receive an item back, and they are able to tie it

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2 back to our item number that was manufactured by
3 our vendor number, then in turn they would charge
4 us back, because retailers like to collect every
5 penny they can get.

6 Q. Do you know whether or not you had
7 ever -- you meaning Private Label -- had ever
8 previously charged back to Atateks a chargeback
9 from Target for in store and guest returns
10 defectives?

11 A. I would have to check for you, but I
12 would have to assume due to the time period of
13 which we were doing business from 2002 through
14 2006, that it's very possible.

15 MR. GRANNIS: I would ask that you produce
16 documents to demonstrate that.

17 Q. Whose handwriting is on this document
18 beginning on Page 81?

19 A. I'm not sure. It's not mine.

20 Q. You see here it says, "Basul Atateks"
21 and below that "Basul Orma"?

22 A. Yes.

23 Q. How did the person doing this relate
24 these chargebacks to the particular manufacturer?

25 A. Based on the DPCI number.

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2 Q. What is a DPCI number?

3 A. Department class and code.

4 Q. How do you relate that to Atateks or
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5 Basul?

6 A. How do we relate it to Orma or Atateks
7 you mean?

8 Q. That's correct.

9 A. Based on the DPCI. Those are attached
10 to the garments. These numbers are attached to
11 the garments that are shipped. In addition, they
12 appear on Target's commit sheets.

13 MR. GRANNIS: I would ask for the production, if
14 it hasn't previously been produced, of these
15 Target commitment --

16 THE WITNESS: Commitment sheets.

17 MR. GRANNIS: Commitment sheets, which
18 would show these DPCI numbers for Atateks
19 that would permit us to confirm that these
20 chargebacks have been properly charged.

21 THE WITNESS: Atateks is in possession
22 of all commitment sheets as well, just so
23 you know, to permit you to cross reference
24 it. That is how they manufactured the
25 product. That's how they shipped the

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2 product.

3 MR. GRANNIS: The lawyers will debate.
4 Thank you for that information. The lawyers
5 will debate later --

6 MR. BYLER: We have a standing

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objection for these documents are already in
8 the possession of Atateks.

9 Q. Are there any other names you can read
10 in the handwriting and recognize, other than
11 Orma, Synko, Basul, and Atateks?

12 A. No, none that I can see.

13 Q. Basul was not a manufacturer of goods,
14 right?

15 A. That's correct. They were not a
16 factory.

17 Q. Correct.

18 On Page 87, it simply refers to Basul,
19 and it doesn't refer to a manufacturer. Can you
20 explain why that would be the case?

21 A. Where specifically? I do see where it
22 says factory FTY with a question mark.

23 Q. Below though, Basul 81.

24 A. Yes, and I believe that where it states
25 Basul factory, question mark, it's referring to

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2 all the Basul underneath there.

3 Q. So does that mean that you know it's
4 Basul, but you're not able to identify from this
5 which factory that is; is that right?

6 A. Perhaps at this moment when they were
7 going through it, and then they had to go back
8 and cross reference it to documents, as I'm
9 suggesting you can do the same.

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10 Q. Did Private Label ever transfer any
11 money to Second Skin?

12 A. My salary was paid to Second Skin.

13 Q. Did you also draw at the same time a
14 salary from Private Label?

15 A. No.

16 Q. Other than commissions that Second Skin
17 received from Atateks, Orma, and Synko, did
18 Second Skin ever receive any payments for goods
19 that were manufactured for Private Label?

20 MR. BYLER: Objection to the form. Go
21 ahead.

22 A. Absolutely not. There is no purchase
23 orders in the name of Second Skin. Second Skin
24 did not purchase any goods whatsoever.

25 I'm going to state again, they are --

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2 they were a consulting based company.

3 MR. GRANNIS: I'm going to show the
4 witness Plaintiffs' Exhibit 514, not bearing
5 any Bates labels.

6 For the record, these were documents
7 produced by plaintiffs, just for the record,
8 we did produce those with a Bates label, but
9 it seems that we have inadvertently printed
10 out one lacking the Bates label.

11 We're happy to subsequently identify

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12 the Bates numbers that apply to this
13 document.

14 MR. BYLER: Okay.

15 (Plaintiffs' Exhibit 514, Document,
16 marked for identification.)

17 Q. Does this document relate to the
18 commissions that were paid to Second Skin which
19 we have talked about in this deposition?

20 A. Stating again that the only moneys that
21 were received from Atateks were for commissions,
22 that in order for us to, you know, have the
23 ability to cross reference these to what's
24 attached to the back, but again, stating for the
25 record the only money that was received from

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1 C. Dente
2 Atateks was for commissions.

3 I also would like to ask that -- I
4 believe when you presented these documents during
5 the first deposition with Ilhan, that we were
6 told they were irrelevant, because you were
7 backing out the commission payments from the
8 moneys that you're claiming.

9 Q. Right. These documents don't relate to
10 the total quantum of damages which are owed by
11 Private Label. That is true, and we acknowledge
12 that.

13 A. Okay.

14 Q. However, they do go to the issue of
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15 possible fraudulent conveyances from Private
16 Label to Second Skin, and obviously if you want
17 to ask your lawyer about that, you can do that,
18 but just for the record, we're saying that.

19 MR. BYLER: I think there's a
20 limitation on what you can try to do given
21 your representations to Judge Baer. We
22 won't get into that now.

23 By the way, it's almost one o'clock.
24 What's your timing?

25 MR. GRANNIS: I never make commitments

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2 with respect to time, but I will make a
3 disclosure, which is that I have about an
4 eleven-page outline, and I am seven pages
5 through it, which if this reflects reality,
6 suggests that I'm more than half way done.

7 would you like to take a lunch break
8 now?

9 THE WITNESS: I would prefer to go
10 straight through. I don't know. I don't
11 want to make that decision though for
12 everybody.

13 MR. GRANNIS: Off the record.
14 (Luncheon recess)

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C. Dente

AFTERNOON SESSION

1:33 p.m.

CHRISTINE ANN DENTE,

resumed and testified as follows:

EXAMINATION CONTINUED

BY MR. GRANNIS:

Q. I'm going to show you what has
previously been marked as exhibit -- as
Defendant's Exhibit 10, and I am remarking it as
Plaintiffs' Exhibit 515, Bates No. D 11262.

(Plaintiffs' Exhibit 515, Document
Bearing Bates Nos. D 11262 marked for
identification.)

Q. And I'll ask you if you recognize this
document.

A. I do.

Q. What is that?

A. It's a letter written by Atateks
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20 confirming that a payment of \$150,000 was made to
21 me for commission income.

22 Q. When you say to you, you mean more
23 technically to Second Skin?

24 A. Yes, that is correct.

25 Q. How did that letter come to be written?

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2 Do you know?

3 A. Yes. I had requested it because I used
4 a portion of the money that I made in commission
5 to purchase an apartment here in New York, and in
6 order to identify where certain funds came from
7 for the mortgage company, they requested a
8 letter.

9 MR. GRANNIS: I'm handing Ms. Dente
10 Plaintiffs' Exhibit 516, which is a tax
11 return for Private Label for 2003.

12 (Plaintiffs' Exhibit 516, Tax Return,
13 marked for identification.)

14 Q. Do you recognize this document, Ms.
15 Dente?

16 A. Yes, I do.

17 Q. What is that?

18 A. It's a 2003 tax return for Private
19 Label Sourcing.

20 Q. I'll direct your attention to the
21 fourth page of this document, which says at the

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22 top, "Analysis of net income."
23 Do you see that?
24 A. Yes.
25 Q. Do you see that line that says total

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1 C. Dente
2 assets there, Line 14?
3 A. Yes.
4 Q. That suggests that at the end of the
5 year 2003, Private Label had total assets of
6 1,634,000.
7 A. Okay.
8 Q. would you agree with that?
9 A. Which year? I'm sorry.
10 Q. The end of 2003.
11 A. Okay. Yes, I would agree that's what
12 it says here.
13 Q. Would you agree that's true?
14 A. I would agree that's what it says here.
15 Q. Would you agree that's true?
16 A. I would have to assume so.
17 Q. By the way, it says here on Line 18,
18 "All nonrecourse loans," and it says, 1,752,201.
19 what does that refer to? What loans are those?
20 A. I have no idea. I would have to go
21 back and cross reference records and documents.
22 As I stated earlier in my testimony
23 that during my partnership with Bruce Allen, he
24 handled the financials of the company, not --
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25 they were not reviewed with me, and I handled the

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1 C. Dente

2 sales, merchandising, and production.

3 Q. You see that recourse loans is listed
4 under liabilities and capital, right?

5 A. Okay.

6 Q. And you understand here that this is a
7 liability, that Private Label has this loan?

8 A. Yes, yes.

9 Q. Do you see that the amount of the
10 liability is greater than the amount of the
11 assets?

12 A. Yes.

13 Q. We usually refer to that as insolvency,
14 meaning that the liabilities are greater than the
15 assets.

16 MR. BYLER: Objection. You're starting
17 to ask legal questions, using a legal term
18 of insolvency.

19 This is one tax return. You can ask
20 this witness about her personal knowledge
21 concerning this document, but, I mean, I
22 think you are going to get into a bar review
23 type examination that's not appropriate for
24 the deposition.

25 Q. Do you have any reason to believe that

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2 -- do you have any reason the disagree with the
3 statement that the liabilities exceeded the
4 assets?

5 A. I don't have any reason to disagree
6 with the numbers that you are quoting off the
7 document in front of me. I would --

8 Q. Do you have any belief as to whether
9 Private Label was insolvent or solvent?

10 A. I really -- I couldn't make any comment
11 towards that. I'd have to have the opportunity
12 to review this and review other documents within
13 the company, and this was prepared by an outside
14 accounting firm, Mahoney Cohen, and Bruce was in
15 control of dealing with them and providing them
16 all the documentation to put this tax return
17 together.

18 MR. GRANNIS: I'm showing the witness
19 Plaintiffs' Exhibit 517, which is a 2004 tax
20 return for Private Label with Bates Nos.
21 1321 to 1346.

22 (Plaintiffs' Exhibit 517, 2004 Tax
23 Return, marked for identification.)

24 Q. What is this document?

25 A. It's a Private Label tax return from

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1 C. Dente

2 2004.

3 Q. I'll again direct your attention to the
4 fourth page. You'll notice here that it says on
5 Line 18 -- says "All Nonrecourse Loans."

6 A. Yes.

7 Q. 2,583,000. You again don't have any
8 knowledge as to the nature of that loan?

9 A. That's correct.

10 Q. You again don't have any views as to
11 whether or not Private Label was insolvent as of
12 this date?

13 A. I don't have any views.

14 Q. Just as not to take any time up, you'd
15 give the same answer if I asked you about 2005
16 and 2006?

17 A. That is correct.

18 MR. GRANNIS: I'm going to show the
19 witness Plaintiffs' Exhibit 518, bearing
20 Bates No. 1359 to 1383.

21 (Plaintiffs' Exhibit 518, Documents
22 Bearing Bates Nos. 1359 through 1383 marked
23 for identification.)

24 Q. Can you tell me what that document is,
25 Ms. Dente?

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2 A. 2005 Private Label tax return.

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3 MR. BYLER: Do you have a 2005 tax
4 return?

5 MR. GRANNIS: I'm not going to ask
6 questions about that. I just wanted to
7 identify it.

8 I'm going to show the witness
9 Plaintiffs' Exhibit 519, bearing Bates Nos.
10 1384 to 1393.

11 (Plaintiffs' Exhibit 519, Documents
12 Bearing Bates Nos. 1384 through 1393 marked
13 for identification.)

14 Q. What is this document?

15 A. Private Label tax return from 2006.

16 Q. Did you notice here that it says, "All
17 nonrecourse loans"?

18 A. Where are we referring to?

19 Q. This is Line 18 of Page 4.

20 A. Yes.

21 Q. You'll notice that on the right column
22 D it doesn't show anything. Do you see?

23 A. Yes.

24 Q. On Line 18?

25 A. Yes.

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2 Q. I'll represent to you for the record
3 that this means that the beginning of the year
4 there was a loan outstanding, and at the end of
5 year there wasn't, and if I asked you how that
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6 loan came to be paid off, would you have any
7 information about that?

8 A. I would have to see specific documents
9 and have to cross reference which loans we are
10 talking about and --

11 Q. who would know more about this than
12 you?

13 A. who would know more about this than me?

14 Q. Right.

15 A. well, I would have to first say perhaps
16 Bruce Allen, because he had still been my
17 partner, and again, I told you he was in control
18 of the financial side of the business and
19 handling all the documents that would have been
20 given to the accountants to prepare the tax
21 return.

22 Q. Do you see that on Page 1387, the same
23 page we were just looking at, for accounts
24 payable, it says 3,243,000?

25 A. Accounts payable is a specific --

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1 C. Dente

2 Q. I'm sorry. Do you see it says on Line
3 15 accounts payable?

4 A. Yes.

5 Q. You understand that? What are accounts
6 payable?

7 A. Moneys that are owed.

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8 Q. Owed by Private Label to another party?

9 A. Correct.

10 Q. Do you know what's included in this
11 3,243,000?

12 A. For any of the figures that are located
13 in this document, 2006 tax return, I would have
14 to go back and have the opportunity to cross
15 reference other documents to how it was prepared.

16 MR. GRANNIS: I would ask that the defendants
17 produce underlying work papers to establish how
18 this figure of 3,243,381 was arrived at, and in
19 particular, the amount if any of liability that
20 is -- to Atateks that is included in that figure.

21 THE WITNESS: So to be clear, you only
22 want to know the details if Atateks is included
23 in that number.

24 MR. GRANNIS: I'd like to know all of
25 them, but also interested particularly in

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2 Atateks.

3 Q. Ms. Dente, I've reviewed the tax return
4 and I'll tell you what I found, which is that in
5 2003 and 2004 Private Label had substantial
6 profits, okay.

7 2003 was 740,000, and 2004 was 308.
8 Then in 2005 and 2006, it had substantial losses
9 in each of those years. It was in the range of
10 \$700,000.

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11 Can you tell me why Private Label
12 became unprofitable?

13 A. Yes. We had some major shipping
14 problems, both out of Turkey, production problems
15 I should say, which led to shipping problems, the
16 majority of them in Turkey. Had to give a ratio,
17 70 percent of the problems occurred in Turkey, 30
18 percent happened in Korea.

19 So there was an overall delay in
20 shipping goods, which led to cancellations,
21 sell-offs and things of that sort.

22 Q. Did the delays in Turkey only involve
23 Atateks?

24 A. No, at that particular time it actually
25 didn't involve Atateks at all.

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2 Q. What did it involve?

3 A. It involved other factories in Turkey.

4 Q. Which?

5 A. For different type product.

6 Q. What were those factories?

7 A. I would have to get the names for you.

8 Totally unrelated to seamless product.

9 Q. Were there any other causes of the
10 delays?

11 A. I'm sorry?

12 Q. Were there any particular causes of the

ATA 05 29 08

13 delays?

14 A. I think just general mismanagement of
15 production on the factory -- at the factory
16 level, but yes, in fact you are correct that was
17 a very difficult year for us.

18 Q. 2005 and 2006 was also unprofitable.

19 A. It was very difficult. We had to start
20 to work our way back from the problems of 2005.

21 Q. Did Atateks ever deliver garments to
22 Basul's warehouse?

23 A. Basul didn't have a warehouse. Basul
24 for the record never took possession of any
25 goods.

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2 Q. Did Private Label have a warehouse in
3 Turkey?

4 A. No, they did not.

5 Q. Second Skin never had a warehouse in --

6 A. No, Second Skin never purchased any
7 product.

8 Q. Did Atateks ever deliver goods to a
9 warehouse in Turkey for Private Label?

10 A. Atateks shipped goods two ways, as I
11 previously mentioned in my testimony. On a
12 direct LC basis, when LC was opened from Target,
13 those goods were delivered to Target's forwarder.
14 When goods were shipped to our warehouse, we
15 determined the forwarder that was going to be

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16 used, and the goods were shipped to a warehouse
17 in Miami.

18 Q. What is AQL?

19 A. AQL is a certain rating system of
20 industry standard by which goods are evaluated
21 for quality.

22 Q. Can you expand on that, please?

23 A. I don't know enough about -- that's not
24 my area of expertise. I just know that there is
25 an industry standard that is used when inspecting

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2 goods for quality, and there's a certain method
3 in which the goods are inspected, certain amount
4 of goods that are inspected to ascertain if the
5 goods are 100 percent good quality to be shipped.

6 It's an industry standard for all
7 retailers.

8 Q. Suppose that there is a proposed
9 shipment of goods, a collection of goods to be
10 shipped, which is inspected, and it contains
11 10,000 garments.

12 A. All the same style?

13 Q. All the same style. Could that
14 shipment meet AQL standards if a single defect
15 was found?

16 A. I don't know. That's not my area of
17 expertise, I don't really know the rating system.

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18 I would not know even how to explain it to you
19 other than the general understanding that I tried
20 to give you as it's an industry standard that's
21 set, and any inspection services, any -- whether
22 they're independent or working for the retailer,
23 work off the same exact guidelines.

24 Q. would you agree that under the AQL
25 standard, there can be some defects in

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2 merchandise in some number of items, and yet it
3 could still meet an AQL standard?

4 A. I think what you're trying to say is
5 you're asking me is -- is there a difference
6 between the AQL standards versus goods that I
7 would believe to be commercially acceptable,
8 commercially acceptable for sale?

9 Because neither one of us would really
10 determine. It really -- it's not -- it's a very
11 objective approach. There's no -- there's no
12 room for opinion. So there's a standard, certain
13 amount of garments are chosen, reviewed, and then
14 a report is done, and it's based on a whole, you
15 know, AQL standard.

16 Q. I'm not trying to press you to --

17 A. Okay, I -- just so you -- you can
18 understand that I couldn't answer that question,
19 you couldn't answer that question.

20 It is not a subjective question when
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21 inspection is being done. There is, though, the
22 -- you can say subjectively would I believe them
23 to be commercially acceptable, does the average
24 consumer understand what you're talking about,
25 the AQL. Would they wear the garment? In

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1 C. Dente

2 layman's terms, would they still wear the
3 garment? Is it commercially acceptable?

4 Q. What I was saying is -- I'm not at all
5 -- I'm trying to find out how much you know about
6 AQL, and I'm not trying to put words in your
7 mouth. Let me try one more time, and if you
8 don't know, you don't know.

9 A. Okay.

10 Q. Do you know whether the AQL standards
11 permit approval of shipments of goods, even if
12 there are some defects found, if the defects are
13 found on sufficiently few garments?

14 A. Okay. I'll try and answer for you one
15 more time.

16 With the AQL is a standard, so it would
17 not allow or disallow goods to be shipped.
18 That's really of the ultimate decision of the
19 retailer, the factory, and the vendor to make
20 that determination.

21 Q. But a good isn't -- isn't a shipment of
22 goods determined to either not or to meet or not

ATA 05 29 08
23 meet an AQL standard?
24 A. That's correct.
25 Q. Couldn't a shipment of goods be

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2 determined to meet an AQL standard, even if there
3 might be some defects found, if the defects were
4 found on sufficiently few garments?
5 A. Then it would be meeting AQL standard,
6 and it would be -- they would sign the inspection
7 certificate to allow the goods to ship.
8 Again, I don't know if I'm answering or
9 not. That's not my area of expertise.
10 (Plaintiffs' Exhibit 520, Collection of
11 Documents, marked for identification.)
12 Q. Ms. Dente, I'm going to give you a
13 collection of documents that has been labeled
14 Plaintiffs' Exhibit 520, and the first page of
15 this document is something I produced previously,
16 but we have modified again. You have seen it
17 before, and it is our current calculation of what
18 we believe -- we meaning the plaintiffs believe.
19 We have eliminated the commissions to
20 you, although it's just subject to the statement
21 I made before about we believe they are
22 fraudulent transfers, but that's really just for
23 the record. I'm not asking you about it.
24 So I've put -- so this now has been
25 revised. I put a date on it, and it's not --
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1 C. Dente

2 actually this document, which my office prepared
3 in conjunction with the client is actually the
4 first four pages, okay? Now, behind it is all of
5 the receipts. I'm sorry.

6 This is all of the invoices, bills of
7 lading, airway bills, for goods we, the
8 plaintiffs, manufactured and sold to Target
9 through Private Label from December 15, 2005, on.
10 okay?

11 A. Can I go back and just comment that you
12 made as far as the commission payments that are
13 backed out of here because you believe them to be
14 fraudulently transferred. I -- just again I want
15 to just comment that I'm not quite sure where
16 you're going and stating that for the record,
17 because they were commission payments made to
18 Second Skin, not made to Private Label, so
19 nothing was transferred from Private Label to
20 Second Skin.

21 Q. I understand, and I wouldn't have taken
22 your silence to be any concession. I understand
23 that.

24 A. Okay.

25 Q. Do you disagree with any of the

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2 invoices contained in here or --

3 A. What I disagree --

4 MR. BYLER: Hold on. I object to the
5 line of the questioning.

6 We just got handed a page -- an inch
7 thick, a lot of documents. The first four
8 pages are what you have compiled. There are
9 other documents which you're representing to
10 support.

11 To be asking in a deposition well, do
12 you disagree with anything, I think is a
13 fundamentally flawed question.

14 I mean, it's unfair to the witness,
15 because, you know, you're representing while
16 these correlate -- there was four years of
17 business that was done by the two companies,
18 and it would take time really to, you know,
19 check what's been clipped to the first four
20 pages to see if it correlates, not to
21 mention whether it is complete or
22 incomplete. In other ways.

23 We've been going through a lot of
24 different documents concerning chargebacks
25 and the like, so I have to state for the

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2 record the objection to this approach to
3 questioning the witness.

4 You're asking this witness her personal
5 knowledge of. That's the purpose of
6 deposition, but what you handed her is
7 basically a representation on your part of
8 what really amounts to a legal case on your
9 part, and I don't think that's, you know, a
10 way of going at this that's appropriate for
11 a deposition.

12 MR. GRANNIS: I'm always amenable to
13 help with suggestions.

14 Do you have a method you would prefer
15 to have that question answered?

16 THE WITNESS: I have an opinion.

17 MR. BYLER: The witness has an opinion.

18 THE WITNESS: I have an opinion,
19 because we believe -- and again I don't know
20 if these are reflective of the exact
21 documents we reviewed previous to the first
22 deposition of Ilhan, but we don't agree with
23 your approach to your accounting, because we
24 did business on a purchase order basis, so
25 you would really have to cross reference all

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1 C. Dente
2 of the purchase orders back to what you're
3 considering invoices.

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4 Then we would have to take it on a
5 case-by-case basis, because there are
6 counterclaims being helped against those
7 purchase orders, so it's almost impossible
8 for us to reconcile this.

9 Q. Do you have your own reconciliation of
10 how much you owed to our client?

11 MR. BYLER: I thought there was a
12 presentation to Atateks in --

13 THE WITNESS: And Ilhan.

14 MR. BYLER: And Ilhan, but that may
15 have occurred, come to think of it, before
16 you, Eric, were counsel to Atateks in this
17 case.

18 There was such an effort, and it did
19 reflect a different methodology. I would
20 call this a macro approach.

21 What the witness just now -- I'm glad
22 she spoke, not me, but said is -- you have
23 to do it by purchase order because it was a
24 purchase order business. There wasn't any
25 large master contract. It was a purchase

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2 order business, so to do an accounting of
3 damages, which is what you're getting at,
4 you have to go by purchase order and then
5 start to, you know, look at each purchase
6 order in terms of what may have been

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7 chargebacks, what may have been, you know,
8 accounts, whatever, and that's the approach
9 you have to take in terms of doing
10 accounting for damages.

11 MR. GRANNIS: Off the record.

12 (Discussion off the record.)

13 MR. BYLER: All I was going to say, we
14 don't agree with the approach you've taken
15 reflected in Plaintiffs' Exhibit 520, and
16 that's, you know, the explanation I gave in
17 response to your document.

18 We have had an off the record
19 discussion in terms of how we can deal with
20 the issue of damages more productively,
21 which I think was a good discussion.

22 MR. GRANNIS: I will state for the record that
23 obviously parties disagree in litigation. I
24 understand that the deposition format may not be
25 a format in which Private Label wishes to explain

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2 its position with respect to the accounting.

3 I, therefore, would request that
4 Private Label set forth its own accounting. As
5 we know, this case, if we can't resolve it, is
6 going to result in a trial before Judge Baer.

7 I'm sure Judge Baer would want us in
8 the course of discovery to exchange our

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9 respective positions in advance of the trial so
10 that we know where we differ, and I hope that we
11 we'll be able to get Private Label's concrete
12 position with respect to its accounting,
13 including the backup documentation.

14 MR. BYLER: The only further comment is
15 there was a settlement conference where
16 Private Label did make a presentation,
17 understanding you don't have it, but I just
18 say that for the record to indicate only
19 that it's not that Private Label is trying
20 to hide the ball.

21 It's just that we're not prepared today
22 to present that to you, because you know,
23 you --

24 THE WITNESS: We thought you had it.

25 MR. GRANNIS: I would note that whether

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1 or not we have it, documents exchanged in
2 settlement are for settlement purposes only,
3 and I think I would have been inappropriate
4 for me to question the witness about --

5 MR. BYLER: I'm not saying it was
6 inappropriate for you to raise the question.
7 It's just I wanted to indicate there was
8 something done by Private Label, and yes it
9 was for settlement.
10 was for settlement.

11 On the other hand, it did reflect the
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12 methodology in terms of the approach we
13 believe appropriate.

14 Q. Back to the questioning on a new topic.
15 When did you last speak with Bahar?

16 A. I'm not quite sure of her exact
17 departure from Atateks, but it was somewhere --
18 my last interactions with her were somewhere
19 between December of 2006 to April 2007.

20 I couldn't exactly pinpoint exactly
21 when she departed from Atateks, and when she
22 departed from Atateks I had no further contact
23 with her.

24 Q. Have you had any contact with her in
25 any form, either directly or indirectly, in the

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2 last couple of weeks?

3 A. Indirectly through attorneys.

4 Q. Through which attorneys?

5 A. Through my attorneys.

6 Q. They contacted her?

7 A. We contacted Basul, who in turn
8 contacted Bahar.

9 Q. What does Bahar do now for employment?
10 Do you know?

11 A. No. You would have to question Bahar
12 about that.

13 Q. Does that mean you don't know?

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- 14 A. I don't know.
- 15 Q. What meetings have you had with Ihsan?
- 16 A. I've had multiple meetings with Ihsan.
- 17 Q. How many meetings approximately?
- 18 A. I couldn't even venture to guess.
- 19 Many, many occasions. On three very major
- 20 occasions that I can think of is when I flew from
- 21 New York and met upper management of Target and
- 22 brought them to Ihsan's factories.
- 23 Q. What was the purpose of bringing them
- 24 to Ihsan's factories?
- 25 A. To show them the factories, establish a

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- 1 C. Dente
- 2 relationship, help plan and grow business going
- 3 forward, business relationships going forward to
- 4 kind of seal the bond. There were higher level
- 5 meetings.
- 6 Q. Did you ever discuss with him the
- 7 details in particular amounts owed or invoices,
- 8 other than any recent settlement agreement that
- 9 occurred, settlement meetings that occurred?
- 10 A. Yeah, he called me on several
- 11 occasions. He e-mailed me directly.
- 12 Q. Tell me what you generally recall about
- 13 the substance of those communications.
- 14 A. It was specific to when are we going
- 15 the get our money.
- 16 Q. Did he make any admission that your

ATA 05 29 08

17 chargebacks were correct?

18 A. Ihsan on -- any time in trying to
19 discuss chargebacks or overall problems with him,
20 he would be very defensive. He never felt his
21 factory was at fault. He blamed Basul, he blamed
22 Target, he blamed Private Label.

23 He didn't want to get involved in
24 details, specific details of numbers, and he did
25 not want to acknowledge why there was a delay in

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1 C. Dente
2 paying them due to all the problems that occurred
3 specifically out of Jordan.

4 Q. What were the problems out of Jordan?

5 A. There were major, major production
6 problems and, you know, the cause for those
7 production problems, according to Atateks, is a
8 very gray area. They claim it was the war.

9 If you read the articles from the
10 National Labor Committee, they claim that there
11 was tremendous upheaval in the Atateks factory,
12 workers being abused.

13 When Target went in and inspected the
14 factories themselves and audited the factories,
15 they found payroll were incomplete. People not
16 being paid for overtime. They did not have
17 proper sleeping conditions, that the overall
18 treatment of the employees was improper.

ATA 05 29 08

19 The working conditions were not
20 functional, and Atateks claims it was because
21 they didn't get proper information from Private
22 Label and Basul, so there was conflicting stories
23 all the way around.

24 Q. Have you had many meetings with Mr.
25 Duman, Alp Duman?

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□

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1 C. Dente

2 A. No.

3 MR. GRANNIS: Off the record.

4 (Recess taken.)

5 MR. GRANNIS: Ms. Dente, I think you
6 indicated you just had something you wanted
7 to add.

8 THE WITNESS: Yes. With regard to our
9 discussion of the tax returns, where we're
10 looking at Page 4 and you were referencing
11 accounts payable, you were also referencing
12 assets, liabilities.

13 I just want to be clear that in the
14 business that we do, if we have goods prior
15 to December 31 that are on water that
16 haven't yet arrived, they're entered into
17 your inventory, but not yet paid for, so
18 where you're also looking at loans and
19 things of that sort, that is all tied back
20 to inventory versus invoicing and tied back
21 to payable, so I just wanted to -- that

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22 information I think you did request, though,
23 and can be clarified with the accountants.

24 MR. GRANNIS: I have no further
25 questions. Do you have any questions?

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1 C. Dente

2 (Continued on next page.)

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C. Dente

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MR. BYLER: No.

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(Time noted: 2:40 p.m.)

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C. Dente

May 29, 2008

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PAGE/LINE CHANGE/REASON

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1 C. Dente

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CHRISTINE ANN DENTE

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10 Subscribed and sworn to

11 before me this day

12 of 2008

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CERTIFICATE
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4 STATE OF NEW YORK)

5) ss.

6 COUNTY OF NEW YORK)

7

8 I, Maureen McCormick, a Shorthand
9 Reporter and Notary Public within and for the
10 State of New York, do hereby certify:

11 That CHRISTINE ANN DENTE, the witness
12 whose deposition is hereinbefore set forth, was
13 duly sworn by me and that such deposition is a
14 true record of the testimony given by such
15 witness.

16 I further certify that I am not related
17 to any of the parties to this action by blood or
18 marriage and that I am in no way interested in
19 the outcome of this matter.

20

21

22

23

MAUREEN MCCORMICK

24

25

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2 May 29, 2008

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